

**CAPITAL AREA AGENCY ON AGING -  
DISTRICT II, INC.**

**BATON ROUGE, LOUISIANA**

**JUNE 30, 2012**

**L.A. CHAMPAGNE**   
Certified Public Accountants

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**CAPITAL AREA AGENCY ON AGING -  
DISTRICT II, INC.  
INTRODUCTION AND SUMMARY**  
*June 30, 2012 and 2011*

**INTRODUCTION**

The Agency received federal funds under Department of Health and Human Services entitlements III-B, III C-1, III C-2, III-D, III-E of the Older Americans Act of 2000, as amended, and the Nutritional Services Incentive Program (N.S.I.P.). Other funds were received from the State of Louisiana under the Louisiana Senior Rx, and Single Point of Entry Programs. Funding was also provided by United Way, Entergy's Project Care and Helping Hand programs and other private grantors.

**SUMMARY**

During the periods ended June 30, 2012 and 2011, the Agency received \$4,504,522 and \$5,008,562, respectively, to fund administrative costs and programs serving older citizens. Funding is summarized as follows:

	2012	2011
Governor's Office of Elderly Affairs,		
State of Louisiana	\$ 3,151,184	\$ 3,357,236
Louisiana Department of Health and Hospitals	260,554	697,861
Louisiana Department of Insurance	51,594	24,427
Local Support - Meal Programs	705,344	657,811
Entergy - Project Care/Helping Hands	157,414	89,815
United Way	155,000	145,200
Participant contributions	244	285
Interest income	1,098	946
Other	22,090	34,981
	\$ <u>4,504,522</u>	\$ <u>5,008,562</u>

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors

Capital Area Agency on Aging - District II, Inc.

We have audited the accompanying statements of financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2012 and 2011 and the related statements of cash flows for the years then ended and the statements of activities and functional expenses for the year ended June 30, 2012. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information shown in the statements of activities and functional expenses has been derived from the Agency's 2011 financial statements, and in our report dated November 21, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2012 and 2011, and its cash flows for the years then ended, and the changes in its net assets for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2012, on our consideration of Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Continued...*

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Capital Area Agency on Aging - District II, Inc., taken as a whole. The accompanying supplemental information description of programs pages 16 through 18, the detailed schedule of program activities page 19 and the schedule of changes in fixed assets page 20 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the accounting and other records used to prepare the financial statements. Also, the accompanying supplemental schedule of expenditures of federal awards on page 21 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
October 18, 2012

**CAPITAL AREA AGENCY ON AGING -  
DISTRICT II, INC.  
STATEMENTS OF FINANCIAL POSITION**  
*June 30, 2012 and 2011*

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 374,219	\$ 282,513
Receivables on funding contracts	61,902	119,052
Due from subcontractors	200,700	176,842
Prepaid expenses	16,018	21,487
	<u>652,839</u>	<u>599,894</u>
<b>FIXED ASSETS</b>		
Computer and related equipment	29,486	50,862
Office equipment	32,760	33,430
Furniture and fixtures	3,421	3,421
	<u>65,667</u>	<u>87,713</u>
Less accumulated depreciation	42,632	50,059
	<u>23,035</u>	<u>37,654</u>
	<u>\$ 675,874</u>	<u>\$ 637,548</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 172,025	\$ 194,545
Due to subcontractors	159,433	124,122
Accrued compensated absences	40,618	45,037
	<u>372,076</u>	<u>363,704</u>
<b>NET ASSETS</b>		
Unrestricted	105,066	115,332
Temporarily restricted	198,732	158,512
	<u>303,798</u>	<u>273,844</u>
	<u>\$ 675,874</u>	<u>\$ 637,548</u>

*See accompanying notes*

**CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.**  
**STATEMENT OF ACTIVITIES**

Year ended June 30, 2012

(With comparative totals for the year ended June 30, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Governor's Office of Elderly Affairs	\$ -	\$ 3,151,184	3,151,184	\$ 3,357,236
Department of Health and Hospitals	-	260,554	260,554	697,861
Department of Insurance	-	51,594	51,594	24,427
Capital Area United Way	-	155,000	155,000	145,200
Entergy (Project Care/Helping Hands)	-	157,414	157,414	89,815
Local Support - Title IIIC-1/IIIC-2 Meals	-	705,344	705,344	657,811
Participant contributions	-	244	244	285
Other support and revenues	20,240	1,850	22,090	34,981
Interest income	1,098	-	1,098	946
	<u>21,338</u>	<u>4,483,184</u>	<u>4,504,522</u>	<u>5,008,562</u>
Net assets released from restrictions	<u>4,442,964</u>	<u>(4,442,964)</u>	<u>-</u>	<u>-</u>
	<u>4,464,302</u>	<u>40,220</u>	<u>4,504,522</u>	<u>5,008,562</u>
<b>EXPENSES</b>				
Grants and allocations	1,409,273	-	1,409,273	1,416,916
Functional expenses:				
Program services				
Title III-C-1 Congregate Meals	527,394	-	527,394	480,440
Title III-C-2 Home Delivered Meals	1,409,245	-	1,409,245	1,400,432
Title III-D Preventive Health	5,336	-	5,336	5,024
Community Living Program	250	-	250	191,185
Alzheimer's Disease Support Program	-	-	-	4,498
ADRC/SenioRx	185,139	-	185,139	154,844
Chronic Disease Self Management	49,841	-	49,841	48,517
LTC Ombudsman	228,804	-	228,804	226,746
DHH Single Point of Entry	212,552	-	212,552	641,206
DHH Nursing Home Transistion	4,873	-	4,873	-
Medicare Enrollment Assistance Program (MIPPA)	36,740	-	36,740	56,790
CMS Research Demonstration & Evaluation (MIPPA)	516	-	516	14,527
DOI - SHIP Outreach	44,734	-	44,734	-
Elderly Protective Services	670	-	670	-
Total program services	<u>2,706,094</u>	<u>-</u>	<u>2,706,094</u>	<u>3,224,209</u>
Fund raising	4,156	-	4,156	4,968
Management and general	355,045	-	355,045	357,658
Total functional expenses	<u>3,065,295</u>	<u>-</u>	<u>3,065,295</u>	<u>3,586,835</u>
Total expenses	<u>4,474,568</u>	<u>-</u>	<u>4,474,568</u>	<u>5,003,751</u>
Change in net assets	(10,266)	40,220	29,954	4,811
Net assets - beginning of year	115,332	158,512	273,844	269,033
Net assets - end of year	<u>\$ 105,066</u>	<u>\$ 198,732</u>	<u>\$ 303,798</u>	<u>\$ 273,844</u>

See accompanying notes

**CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2012  
(With comparative totals for the year ended June 30, 2011)

	Title III-C-1 Congregate Meals	Title III-C-2 Home Delivered Meals	Title III-D Preventive Health	Community Living Program	Medicare Enrollment Assistance Program - MIPPA	CMS Research Demonstrations & Evaluations MIPPA	Aging and Disability Resource Center/SRox	Elderly Protective Services
Catered meals	\$ 527,394	\$ 1,409,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	-	-	4,401	-	19,558	-	117,897	-
Payroll taxes	-	-	442	-	1,370	-	9,671	-
Benefits	-	-	212	-	2,863	-	12,770	-
Travel	-	-	-	-	2,854	-	476	-
Advertising	-	-	-	-	1,501	-	1,311	-
Dues and subscriptions	-	-	-	-	52	-	75	-
Equipment maintenance	-	-	-	-	-	-	1,542	-
Equipment rental	-	-	-	-	121	-	1,230	-
Postage and shipping	-	-	-	-	1,086	-	3,497	-
Printing and publications	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	2,179	-	20,675	-
Telephone	-	-	-	-	3,211	-	2,350	-
Software licensing	-	-	-	-	250	-	2,784	-
Insurance	-	-	-	-	545	-	1,395	-
Office supplies	-	-	-	-	476	-	3,251	-
Conference and training	-	-	-	-	30	-	1,000	-
Other contractual services	-	-	-	-	444	-	1,618	-
Accounting	-	-	-	-	200	-	1,485	-
Depreciation	-	-	-	250	-	516	2,112	-
Miscellaneous expense	-	-	-	-	-	-	-	-
Materials - III-D	-	-	281	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	670
	<u>\$ 527,394</u>	<u>\$ 1,409,245</u>	<u>\$ 5,336</u>	<u>250</u>	<u>\$ 36,740</u>	<u>\$ 516</u>	<u>\$ 185,139</u>	<u>\$ 670</u>

See accompanying notes



FY 2012

FY 2011

DHH Single Point of Entry (SPOE)	Chronic Disease Self Management	Long Term Care Ombudsman	Dept of Insurance SHIP Outreach	DHH Nursing Home Transistion	Total Program Services	Fundraising	Management and General	Total	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,936,639	\$ -	\$ -	\$ 1,936,639	\$ 1,880,872
141,779	35,078	150,281	29,315	1,242	499,551	-	241,388	740,939	1,037,622
11,936	2,871	12,270	2,504	122	41,186	-	19,713	60,899	86,063
17,839	2,529	30,499	2,628	302	69,642	-	24,287	93,929	122,888
3,026	745	20,307	-	165	27,573	-	11,906	39,479	45,827
834	-	-	643	-	4,289	-	5	4,294	3,352
52	-	-	-	-	179	-	1,133	1,312	3,111
130	612	-	-	-	2,284	-	517	2,801	3,385
1,491	181	168	199	-	3,390	-	1,566	4,956	4,629
409	-	236	2,000	-	7,228	-	741	7,969	5,278
-	-	-	-	-	-	-	860	860	11,074
11,458	3,764	3,902	4,104	2,182	48,264	-	20,709	68,973	66,714
3,290	519	5,230	1,001	150	15,751	-	5,150	20,901	30,318
405	-	47	-	-	3,486	-	4,646	8,132	8,401
1,469	500	967	342	210	5,428	-	1,166	6,594	5,728
156	99	263	1,937	-	6,182	-	2,731	8,913	24,656
-	900	-	-	-	1,930	-	3,483	5,413	3,122
2,726	1,543	1,093	61	-	7,485	-	2,861	10,346	200,512
4,125	500	2,370	-	500	9,180	-	5,820	15,000	14,300
800	-	1,171	-	-	4,849	-	2,135	6,984	11,757
-	-	-	-	-	-	4,156	4,228	8,384	15,189
-	-	-	-	-	281	-	-	281	10
10,627	-	-	-	-	11,297	-	-	11,297	2,027
-	-	-	-	-	-	-	-	-	-
\$ 212,552	\$ 49,841	\$ 228,804	\$ 44,734	\$ 4,873	\$ 2,706,094	\$ 4,156	\$ 355,045	\$ 3,065,295	\$ 3,586,835

**CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.****STATEMENTS OF CASH FLOWS***Years ended June 30, 2012 and 2011*

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 29,954	\$ 4,811
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,984	11,757
Loss on disposition of fixed assets	11,297	2,027
Decrease (increase) in:		
Receivables on funding contracts	57,150	65,396
Receivables from subcontractors	(23,858)	19,212
Prepaid expenses	5,469	(11,483)
Increase (decrease) in:		
Accounts payable and accrued expenses	(22,520)	(1,086)
Payables to subcontractors	35,311	(40,438)
Accrued compensated absences	(4,419)	11,917
Net cash provided by (used in) operating activities	<u>95,368</u>	<u>62,113</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	<u>(3,662)</u>	<u>(3,697)</u>
Net cash used in investing activities	<u>(3,662)</u>	<u>(3,697)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH</b>	91,706	58,416
Cash - beginning of year	282,513	224,097
Cash - end of year	<u>\$ 374,219</u>	<u>\$ 282,513</u>

*See accompanying notes*

**CAPITAL AREA AGENCY ON AGING -  
DISTRICT II, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of activities and reporting entity*

Capital Area Agency on Aging-District II, Inc. (the Agency) is a non-profit entity incorporated in 1974 to ensure the availability of supportive, nutrition, and volunteer services to people aged 60 and older in the ten parishes surrounding the Baton Rouge capital area. It also serves as an advocate and provides leadership on behalf of the elderly. The Agency coordinates funding to the parish councils on aging and monitors their providing of services to older citizens.

*Basis of presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. At present, the Agency does not have any permanently restricted net assets.

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Revenue and expense recognition*

Contributions, grants and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Agency reports grants and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

unrestricted net assets and reported in the statement of activity as net assets *released* from restrictions. Expenses are recorded when incurred, in accordance with the accrual basis of accounting.

*Fixed assets and depreciation*

Fixed assets are carried at cost less accumulated depreciation. The assets are depreciated for financial reporting purposes using the straight-line method over estimated useful lives of five to ten years.

*Donated services*

No amounts have been reflected in the financial statements for donated services. The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with its various program activities.

*Cash*

For the purpose of the statement of cash flows, the Agency considers all short-term savings to be cash.

Under the requirements of its grant funding from the State of Louisiana, the Agency must collateralize cash balances held in financial institutions that are in excess of federal deposit insurance. Such deposits are collateralized under a security pledge arrangement with the financial institution which meets the requirements of state law.

*Functional expenses*

Virtually all expenses are charged directly to their functional class. Other expenses are allocated between program, fundraising and management and general based upon management's estimates.

*Budget policy*

Budgets for the various programs are prepared by the Agency's Executive Director and approved by the Agency's Board of Directors and program grantors. Appropriations from the Governor's Office of Elderly Affairs under Federal Title III lapse at year end. Title IV and other federal appropriations lapse at the federal fiscal year end. Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Agency may transfer funds between budgetary line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs with respect to funds received under contracts from that agency.

*Receivables and bad debts*

Management believes that receivables are collectible in full, and no allowance for bad debts has been provided in the financial statements.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Annual and sick leave*

Employees of the Agency are entitled to paid vacation, depending on the length of service. The Agency has recorded a liability for the unused vacation attributable to all eligible employees at the employee's current rate of pay. Because accrued sick leave lapses upon termination, no amount has been accrued.

*Advertising costs*

The Agency expenses advertising costs as incurred.

*Income tax status*

The Agency, a nonprofit corporation, is exempt from federal income taxes under section 501(C)(3) of the Internal Revenue Code.

Capital Area Agency on Aging, District II applies the standards in FASB ASC 740-10 in accounting for uncertainty in income taxes. Capital Area Agency on Aging, District II files a United States return of organization exempt from income tax. The Agency's returns for 2008, 2009, 2010, and 2011 are subject to examination by the Internal Revenue Service.

*Comparative financial information*

The statement of activities and statement of functional expenses include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

**B: RECEIVABLES ON FUNDING CONTRACTS**

Receivables on funding contracts at June 30, 2012 and 2011, consist of the following:

	2012	2011
Governor's Office of Elderly Affairs:	\$	\$
Title III-B Supportive Services	29,846	-
Medicare Enrollment Assistance Program	-	7,100
Title III-D Disease Prevention Services	2,785	-
Title III-B Ombudsman	5,090	13,690
Title III-E National Family Caregiver Support	17,168	10,622
Chronic Disease Self Management Grant	-	11,538
Department of Health and Hospitals:		
Single Point of Entry	-	76,102
Nursing Home Transition	4,456	-
Department of Insurance: SHIP	2,557	-
	\$ 61,902	\$ 119,052

**C: BOARD OF DIRECTORS' COMPENSATION**

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of per diem. Members of the Board are reimbursed for travel expenses. These reimbursements amounted to \$1,701 in 2012 and \$2,439 in 2011.

**D: PENSION AND DEFERRED COMPENSATION PLANS**

The agency administers a defined contribution pension plan covering all employees with one year or more of service. Employer contributions amounting to 5% of an employee's salary are made annually and benefits are fully and immediately vested. Pension expense of \$32,898 and \$38,745 including administrative charges, is reported in fringe benefits for 2012 and 2011, respectively. Plan benefits are funded through group annuity contracts that were valued at \$244,017 as of December 31, 2011.

The Agency maintains a voluntary salary reduction tax deferred compensation plan for employees electing to participate. The Agency does not make any contributions to this plan administered by Mutual of America.

**E: LEASE COMMITMENTS**

The Agency is currently obligated under an operating lease agreement for its area office located in Baton Rouge, Louisiana.

Effective January 21, 2011, the Agency entered into a long-term lease arrangement expiring February 28, 2015 with monthly rentals starting at \$7,043 per month and increasing annually during the lease term. On November 1, 2011, the lease agreement changed due to reduction in rental area. The new monthly rentals start at \$5,100 per month and increase annually during the lease term. Future minimum lease payments for the area office are as follows:

<u>Year Ended</u>	<u>Amount</u>
6/30/2013	\$ 61,849
6/30/2014	63,160
6/30/2015	31,911
	<u>\$ 156,920</u>

Lease expense was \$68,973 and \$66,713 for the years ended 2012 and 2011, respectively.

**F: INTER-PROGRAM TRANSFERS**

Transfers in and out are listed by program type for the year ended June 30, 2012:

Transfers In For:	Transfers Out From:					Total Transfers In
	United Way	N.S.I.P.	CDSM	MIPPA	Other Restricted	
Area Agency Administration	\$ 67,003	-	3,802	14,900	69,833	\$ 155,538
Title III C-1	-	133,304	-	-	-	133,304
Title III C-2	90,724	245,552	-	-	-	336,276
Total Transfers Out	\$ 157,727	\$ 378,856	\$ 3,802	\$ 14,900	\$ 69,833	\$ 625,118

**G: ECONOMIC DEPENDENCY**

The Agency receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and Louisiana state governments. If significant budget cuts are made at the federal and/or state level, the Agency's funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Agency funding sources that will adversely affect operations in the next fiscal year. The Single Point of Entry program/contract was concluded in October, 2011.

**H: FEDERALLY ASSISTED PROGRAMS - COMPLIANCE CONTINGENCIES**

Federal and state assistance programs represent an important source of funding for the Agency. These programs are audited annually in accordance with the "Single Audit Act". Prior audits have not resulted in any significant disallowed costs; however, grantor agencies may conduct or require further examinations. Based upon prior experience, Agency management believes that further examination would not result in any significant disallowed costs.

**I: SUBCONTRACTOR AUDITS**

All Council on Aging subcontractors and certain other entities receiving funding from the Agency are responsible for having an independent audit performed in accordance with government auditing standards and, additionally, in accordance with the "Single Audit Act" if federal expenditures exceed specified thresholds.



**J: NET ASSETS**

Temporarily restricted net assets consist of funds designated by donors or grantors for specific purposes or programs and total \$198,732 and \$158,512 at June 30, 2012 and 2011, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2012</u>	<u>2011</u>
Purpose restriction accomplished:		
Area Agency Administration	\$ 190,675	\$ 189,923
Title IIIB Supportive Services	585,715	585,715
Title IIIC Congregate and Home Delivered Meals	1,908,021	1,860,488
Title IIID Preventive Health	35,201	35,201
Title IIIE Caregiver Support	182,876	182,876
Single Point of Entry program	238,274	710,335
Long Term Care program	240,180	242,197
SeniorRx / ADRC program	182,022	125,908
Senior Health Insurance program	48,556	15,677
Nutritional Services Incentive program	378,856	384,562
Community Living program	250	252,275
Alzheimer's Disease Support program	-	4,498
Chronic Disease Self Management	53,625	51,221
Medicare Enrollment Assistance	48,834	65,463
CMS Research Demonstration and Evaluations	516	19,107
Entergy (Project Care/Helping Hands)	157,414	89,815
Capital Area United Way	165,096	153,061
Nursing Home Transistion	9,700	-
Other programs	17,153	8,299
Total restrictions released	\$ <u>4,442,964</u>	\$ <u>4,976,621</u>

**K: CONCENTRATIONS OF CREDIT RISK**

Capital Area Agency on Aging, District II, deposits its cash in financial institutions located in Baton Rouge, Louisiana, and at times, account balances may exceed federally insured limits.



**L: NON CASH INVESTING AND FINANCING ACTIVITIES**

There were no non cash investing and financing activities in fiscal 2012.

**M: SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 18, 2012, which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

## DESCRIPTION OF PROGRAMS

### *Title III C-1 Area Agency Administration (AAA)*

The Title III C-1 Area Agency Administration (AAA) Program accounts for the administration of the services provided to the elderly. Title III C-1 AAA funds are provided by the U.S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. These funds are used to pay the costs of administering programs.

### *Title III-B Program*

The Title III-B Program is used to account for the support services, which include access services, in-home services, community services, and transportation for the elderly. Title III-B funds are provided by the U. S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging, which "passes through" the funds to the various service providers.

### *Title III C-1 Program*

The Title III C-1 Program accounts for the revenues and expenditures of federal and state grants for congregate meals for the elderly in strategically located centers. These funds are provided in the same manner as Title III-B above.

### *Title III C-2 Program*

Title III C-2 funds are used to provide nutritional meals to home-bound older persons. These funds are provided in the same manner as Title III-B above.

### *Title III-D Program*

The Title III-D Program accounts for funds used to provide disease prevention and health promotion services. This includes wellness activities and medication management services. These funds are provided in the same manner as Title III-B above. A portion of the medication management services is provided directly by the Agency through medication management seminars.

### *Title III-E Program*

The Title III-E Program accounts for funds which are used to provide various caregiver support services. These include public education, information and assistance; support groups, in-home respite care; material aid; personal care services and sitter services. These funds are provided in the same manner as Title III-B above.

### *Regional Office of LA SenioRx and Aging and Disability Information Station (ADRC)*

The Agency is designated by the Governor's Office of Elderly Affairs as the Aging and Disability Resource Center (ADRC) for a 13-parish area. The ADRC offers a "one-stop-shop" for public and private programs at the community level that will help individuals who are 60 years and older and individuals with adult onset disabilities. This program helps consumers find the answers and information needed to improve their health, independence and quality of life. The Louisiana Senior Prescription Drug Program, operating through the ADRC, links qualified low-income and disabled adults to free or discounted drugs directly from the pharmaceutical manufacturer.

### *Single Point of Entry Program*

The Single Point of Entry Program (SPOE) funded on a cost reimbursement basis, through the Louisiana Department of Health and Hospitals is a pilot program to develop a model for a streamlined access system for applicants of home, community based and facility based services administered by the Department's Office of Aging and Adult Services. This program and contract expired in October, 2011.

### *N.S.I.P. Program*

The Nutritional Services Incentive Program (N.S.I.P.) administered by the U.S. Department of Health and Human Service is used to account for the administration of Food Distribution Program funds, through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. This program reimburses the area agencies on a per unit basis for each congregate and home delivered meal served to an eligible participant so that U.S. food and commodities may be purchased to supplement these programs.

### *United Way Program*

The United Way Program is used to account for funds received from the Capital Area and other United Way organizations to supplement administrative costs, the home delivered meals program and a Personal Care Program.

### *Utility Relief Program*

The Utility Relief Program is used to account for the administration of programs sponsored by local utility companies who collect contributions from service customers and employees. These contributions and the utility companies' corporate donations are remitted to the Agency which "passes through" the funds to the various councils to provide assistance to the elderly with emergencies in the payment of energy costs.

### *Medicare Enrollment Assistance Program*

The Medicare Enrollment Assistance Program is used to provide outreach to eligible Medicare beneficiaries regarding the benefits available under federal and state programs for older Americans.

### *Centers for Medicare and Medicaid Services*

The Centers for Medicare and Medicaid Services Program is used to conduct research, demonstrations, and evaluations for high-quality health care at a reasonable cost. The program will focus on expanding agency efforts to improve the efficiency of payment, delivery, access and quality of our health care programs.

### *Chronic Disease Self-Management Program*

The Chronic Disease Self-Management Program provides funding to support deployment of evidence-based chronic disease self-management programs targeted at older adults with chronic conditions to maintain and improve their health status.

*Title III B, Long Term Care Ombudsman Services*

The Title III B, Long Term Care Ombudsman provides funding to design and implement programs for the provision of long-term care ombudsman services for individuals living in long-term care facilities.

*Other Programs*

Other grants and contributions may be used to support various programs as the need arises.

**CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.**  
**DETAILED SCHEDULE OF PROGRAM ACTIVITIES**  
For the year ended June 30, 2012

	UNRESTRICTED		TEMPORARILY RESTRICTED						
	LOCAL	TITLE III C-1 AAA	TITLE III-B	TITLE III C-1	TITLE III C-2	TITLE III-D	TITLE III-E	SENIOR/ ADRC	LTC Ombudsman
<b>SUPPORT AND REVENUE</b>									
Governmental:									
Federal grants passed through									
Governor's Office of Elderly Affairs	\$ -	\$ 143,006	\$ 386,491	\$ 372,416	\$ 264,379	\$ 35,201	\$ 137,158	\$ -	\$ 193,289
Department of Health and Hospitals	-	-	-	-	-	-	-	-	-
Department of Insurance	-	-	-	-	-	-	-	-	-
State of Louisiana									
Governor's Office of Elderly Affairs	-	47,659	199,224	138,073	427,809	-	45,718	182,022	46,891
Department of Health and Hospitals	-	-	-	-	-	-	-	-	-
Other:									
Entergy - Project Care	-	-	-	-	-	-	-	-	-
Helping Hands	-	-	-	-	-	-	-	-	-
Capital Area United Way	-	-	-	-	-	-	-	-	-
Participant contributions	-	-	-	-	-	-	244	-	-
Interest	1,098	-	-	-	-	-	-	-	-
Annual fund raisers	10,300	-	-	-	-	-	-	-	-
Local support - meal programs	-	-	-	103,635	601,709	-	-	-	-
Other	9,940	-	-	-	-	-	-	-	-
	<u>21,338</u>	<u>190,675</u>	<u>585,715</u>	<u>614,124</u>	<u>1,293,897</u>	<u>35,201</u>	<u>183,120</u>	<u>182,022</u>	<u>240,180</u>
<b>EXPENSES</b>									
Administration:									
Salaries	-	241,062	-	-	-	4,401	-	116,891	147,377
Payroll tax and fringe benefits	-	43,999	-	-	-	654	-	22,441	42,769
Travel	20	11,886	-	-	-	-	-	476	20,307
Operating services	-	36,491	-	-	-	-	-	34,860	10,550
Operating supplies	436	2,295	-	-	-	-	-	3,251	263
Professional services	-	6,997	-	-	-	-	-	3,103	3,463
Other costs	7,280	3,483	-	-	-	281	-	1,000	-
Capital Outlay	3,662	-	-	-	-	-	-	-	-
	<u>11,398</u>	<u>346,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,336</u>	<u>-</u>	<u>182,022</u>	<u>224,729</u>
<b>CATERED MEALS - MEALS PROGRAM</b>									
Raw food	-	-	-	246,436	568,119	-	-	-	-
Labor and non-edibles	-	-	-	280,958	841,126	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,394</u>	<u>1,409,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Contracted social services:</b>									
Alzheimer's Services of Capital Area	-	-	-	-	-	-	13,940	-	-
Ascension Council on Aging, Inc.	-	-	52,752	18,708	17,221	3,475	3,503	-	-
Assumption Council on Aging, Inc.	-	-	52,159	24,366	12,218	2,266	2,850	-	-
E. Feliciana Council on Aging, Inc.	-	-	48,496	17,722	35,230	2,118	300	-	-
Gulf Coast Family Teaching, Inc.	-	-	-	-	-	-	144,587	-	-
Iberville Council on Aging, Inc.	-	-	60,578	29,109	23,026	4,584	513	-	-
Pointe Coupee Council on Aging, Inc.	-	-	61,006	39,455	4,543	2,930	3,525	-	-
St. Helena Council on Aging, Inc.	-	-	32,001	3,525	24,196	559	900	-	-
Southeast La. Legal Services Corp.	-	-	23,729	-	-	-	-	-	-
Tangipahoa Council on Aging, Inc.	-	-	115,922	53,700	51,416	6,506	750	-	-
Washington Council on Aging, Inc.	-	-	80,559	14,550	34,475	4,924	11,352	-	-
W. B. R. Council on Aging, Inc.	-	-	34,786	10,082	3,953	1,149	900	-	-
W. Feliciana Council on Aging, Inc.	-	-	23,727	8,817	14,650	1,354	-	-	-
	<u>-</u>	<u>-</u>	<u>585,715</u>	<u>220,034</u>	<u>220,928</u>	<u>29,865</u>	<u>183,120</u>	<u>-</u>	<u>-</u>
Total expenses	<u>11,398</u>	<u>346,213</u>	<u>585,715</u>	<u>747,428</u>	<u>1,630,173</u>	<u>35,201</u>	<u>183,120</u>	<u>182,022</u>	<u>224,729</u>
Change in net assets before interfund transfers	9,940	(155,538)	-	(133,304)	(336,276)	-	-	-	15,451
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating transfers in	-	155,538	-	133,304	336,276	-	-	-	-
Operating transfers out	(20,204)	-	-	-	-	-	-	-	(15,451)
	<u>(20,204)</u>	<u>155,538</u>	<u>-</u>	<u>133,304</u>	<u>336,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,451)</u>
Change in net assets	(10,264)	-	-	-	-	-	-	-	-
<b>NET ASSETS</b>									
Beginning of year	87,180	-	-	-	-	-	-	-	-
End of year	<u>\$ 76,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Per instructions from OEA this schedule is prepared without consideration of compensated absences and reports capital outlay in lieu of

ARRA Chronic Disease Self-Management	Medicare Enrollment Assistance Prog	DHH Nursing Home Transition	DHH SINGLE POINT OF ENTRY	NSIP	AUDIT	DOI - SHIP OUTREACH	UNITED WAY	UTILITY RELIEF	OTHER	TOTAL
\$ 53,625	\$ 48,834	\$ -	\$ -	\$ 423,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,057,406
-	-	22,280	-	-	-	-	-	-	-	22,280
-	-	-	-	-	-	51,594	-	-	-	51,594
-	-	-	-	-	6,372	-	-	-	-	1,093,778
-	-	-	238,274	-	-	-	-	-	-	238,274
-	-	-	-	-	-	-	-	59,335	-	59,335
-	-	-	-	-	-	-	-	98,079	-	98,079
-	-	-	-	-	-	-	155,000	-	-	155,000
-	-	-	-	-	-	-	-	-	-	244
-	-	-	-	-	-	-	-	-	-	1,098
-	-	-	-	-	-	-	-	-	-	10,300
-	-	-	-	-	-	-	-	-	-	705,344
-	-	-	-	-	-	-	-	-	1,850	11,790
53,625	48,834	22,280	238,274	423,007	6,372	51,594	155,000	157,414	1,850	4,504,522
35,059	16,611	1,242	153,399	-	-	29,315	-	-	-	745,357
5,400	4,233	425	29,775	-	-	5,132	-	-	-	154,828
745	2,854	165	3,025	-	-	-	-	-	-	39,478
5,576	8,946	2,542	19,538	-	-	8,289	-	-	-	126,792
100	476	-	156	-	-	1,937	-	-	-	8,914
1,093	644	500	6,851	-	-	61	-	-	-	22,712
1,850	30	-	-	-	1,684	-	-	-	1,105	16,713
-	-	-	-	-	-	-	-	-	-	3,662
49,823	33,794	4,874	212,744	-	1,684	44,734	-	-	1,105	1,118,456
-	-	-	-	-	-	-	-	-	-	814,555
-	-	-	-	-	-	-	-	-	-	1,122,084
-	-	-	-	-	-	-	-	-	-	1,936,639
-	-	-	-	-	-	-	-	-	-	13,940
-	10	-	-	-	496	-	-	45,856	-	142,021
-	100	-	-	-	335	-	-	15,445	-	109,739
-	-	-	-	-	334	-	-	3,926	-	108,126
-	-	-	-	-	-	-	-	-	-	144,587
-	-	-	-	-	510	-	-	23,923	-	142,243
-	30	-	-	-	461	-	7,369	2,167	-	121,486
-	-	-	-	-	280	-	-	10,493	-	71,954
-	-	-	-	-	-	-	-	-	-	23,729
-	-	-	-	-	1,097	-	-	41,151	-	270,542
-	-	-	-	-	717	-	-	1,882	-	148,459
-	-	-	-	-	218	-	-	11,827	-	62,915
-	-	-	-	-	240	-	-	744	-	49,532
-	140	-	-	-	4,688	-	7,369	157,414	-	1,409,273
49,823	33,934	4,874	212,744	-	6,372	44,734	7,369	157,414	1,105	4,464,368
3,802	14,900	17,406	25,530	423,007	-	6,860	147,631	-	745	40,154
(3,802)	(14,900)	(4,826)	(25,530)	(378,856)	-	(3,822)	(157,727)	-	-	625,118
(3,802)	(14,900)	(4,826)	(25,530)	(378,856)	-	(3,822)	(157,727)	-	-	(625,118)
-	-	12,580	-	44,151	-	3,038	(10,096)	-	745	40,154
-	-	-	-	132,369	-	-	30,443	-	31,235	281,227
\$ -	\$ -	12,580	\$ -	\$ 176,520	\$ -	\$ 3,038	\$ 20,347	\$ -	\$ 31,980	\$ 321,381

depreciation expense

**CAPITAL AREA AGENCY ON AGING -  
DISTRICT II, INC.  
SCHEDULE OF CHANGES IN FIXED ASSETS**

*June 30, 2012*

	Balance June 30, 2011	Reclass- ifications	Additions	Deletions	Balance June 30, 2012
<b>FIXED ASSETS</b>					
Computer and related equipment	\$ 50,862	\$ -	3,662	25,038	\$ 29,486
Office equipment	33,430	-	-	670	32,760
Furniture and fixtures	3,421	-	-	-	3,421
<b>TOTAL FIXED ASSETS</b>	<b>\$ 87,713</b>	<b>\$ -</b>	<b>3,662</b>	<b>25,708</b>	<b>\$ 65,667</b>

<b>INVESTMENT IN FIXED ASSETS</b>					
Title III C-1 Area Agency Administration	\$ 3,421	\$ -	\$ -	\$ -	3,421
State Adult Protective Services	1,818	-	-	1,818	-
Louisiana ADRC/Senior Rx	6,876	-	-	-	6,876
Title IV - Aging and Disability Resource Center	20,848	-	-	-	20,848
DHH Single Point of Entry (SPOE)	31,891	-	-	23,890	8,001
Community Living Program	2,500	-	-	-	2,500
Medicare Enrollment Assistance Program	2,581	-	-	-	2,581
Title III - LTC Ombudsman	3,697	-	-	-	3,697
Local	14,081	-	3,662	-	17,743
<b>TOTAL INVESTMENT IN FIXED ASSETS</b>	<b>\$ 87,713</b>	<b>\$ -</b>	<b>3,662</b>	<b>25,708</b>	<b>\$ 65,667</b>



**CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year ended June 30, 2012*

<u>FEDERAL GRANTOR/PASS THROUGH GRANTORS/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Louisiana Governor's Office Of Elderly Affairs:				
Special Programs for the Aging:				
Title III, Part B Ombudsman	93.042	\$ 193,289	\$ 193,289	\$ 193,289
Title III, Part B Supportive Services	93.044	386,491	386,491	386,491
Total Title III, Part B		579,780	579,780	579,780
Title III, Part C-Area Agency Administration	93.045	143,006	143,006	143,006
Title III, Part C-1 Nutritional Services Congregate Meals	93.045	372,416	372,416	372,416
Title III, Part C-2 Nutritional Services Home Delivered Meals	93.045	264,379	264,379	264,379
Total Title III, Part C	93.045	779,801	779,801	779,801
Nutritional Services Incentive Program	93.053	423,007	423,007	378,856
Total Cluster		1,782,588	1,782,588	1,738,437
Title III, Part D Disease Prevention and Health Promotion Services	93.043	35,201	35,201	35,201
Title III, Part E Caregiver Support	93.052	137,158	137,158	137,158
American Recovery and Reinvestment Act (ARRA) Chronic Disease Self-Management	93.725	102,495	53,625	53,625
Medicare Enrollment Assistance Program (MIPPA)	93.518	86,868	48,834	48,834
Passed Through the Department of Health and Hospitals:				
Center for Medicare and Medicaid Services	93.791	128,520	22,280	22,280
Passed Through the Department of Insurance:				
Center for Medicare and Medicaid Services	93.779	51,594	51,594	51,594
		\$ 2,324,424	\$ 2,131,280	\$ 2,087,129

*Note A: Schedule prepared using accrual basis of accounting.*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Capital Area Agency on Aging - District II, Inc.

We have audited the accompanying financial statements of Capital Area Agency on Aging – District II, Inc., as of and for the year ended June 30, 2012, and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Capital Area Agency on Aging - District II, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of Capital Area Agency on Aging - District II, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Capital Area Agency on Aging - District II, Inc.'s financial statements are free of material misstatement, we performed tests of

its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of *noncompliance* or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management and board of Capital Area Agency on Aging - District II, Inc., the Legislative Auditor, the Governor's Office of Elderly Affairs, and federal awarding agencies, and it is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R. S. 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "L. A. Champagne & Co. LLP". The signature is fluid and cursive, with the initials "L.A." being prominent at the beginning.

October 18, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors  
Capital Area Agency on Aging - District II, Inc.

Compliance

We have audited Capital Area Agency on Aging - District II, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Capital Area Agency on Aging - District II's major federal programs for the year ended June 30, 2012. Capital Area Agency on Aging - District II, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Capital Area Agency on Aging - District II, Inc.'s management. Our responsibility is to express an opinion on Capital Area Agency on Aging - District II, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about Capital Area Agency on Aging - District II, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Capital Area Agency on Aging - District II, Inc.'s compliance with those requirements.

In our opinion, Capital Area Agency on Aging - District II, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Capital Area Agency on Aging - District II, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit,

we considered Capital Area Agency on Aging - District II, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Capital Area Agency on Aging - District II, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management and board of Capital Area Agency on Aging - District II, Inc., the Legislative Auditor, the Governor's Office of Elderly Affairs, and federal awarding agencies, and it is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R. S. 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "L.A. Champagne & Co. P.C.". The signature is written in dark ink and is positioned above the date.

October 18, 2012

**CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended June 30, 2012*

**A: SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Capital Area Agency on Aging - District II, Inc.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Capital Area Agency on Aging - District II, Inc. were disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major federal award programs for Capital Area Agency on Aging - District II, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Capital Area Agency on Aging - District II, Inc. are reported in Part C of this Schedule.
7. The programs tested as a major program are as follows:
  - U. S. Department of Health and Human Services
  - Special Programs for the Aging:
    - Title III-B – Supportive Services; CFDA# 93.044
    - Title III-C – Nutrition Services; CFDA# 93.045
    - N.S.I.P. – Nutrition Services Incentive Program; CFDA# 93.053
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Capital Area Agency on Aging - District II, Inc. was determined to be a low-risk auditee.

**B: FINDINGS - FINANCIAL STATEMENTS AUDIT**

There were no findings that are required to be reported in this section of the report.

**C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD  
PROGRAM AUDIT**

There are no findings that are required to be reported in this section of the report.